



**CALIFORNIA
HIGH-SPEED RAIL
AUTHORITY**

**BOARD MEETING MINUTES
(DRAFT) August 25, 2011
Sacramento City Hall
915 I Street – City Hall Chambers
Sacramento, CA**

The public meeting of the California High-Speed Rail Authority Board was called to order on August 25, 2011 at 9:02 am at Sacramento City Hall, Sacramento, CA.

Members Present: Thomas Umberg, Chairman
Lynn Schenk, Vice-Chair
Tom Richards, Vice-Chair
Matt Toledo
Jim Hartnett
Russell Burns
Dan Richard
Michael Rossi

Member Absent: Bob Balgenorth

Chairman Umberg swears in new Board Members Dan Richard and Michael Rossi and welcomes them.

Agenda Item #1 Public Comment

Chairman Umberg began public comment by apologizing to those that were at the meeting in Bakersfield that did not have an opportunity to speak during the public comment portion of the meeting. Each person was called by name and offered three minutes to speak. One person made use of this opportunity. During public comment, positive support for High Speed Rail was voiced, as well as requests to extend the current EIR/EIS an additional 45 days.

Agenda Item # 2 – Approval of Meeting Minutes

Vice-Chair Schenk moved to approve minutes from the July 14, 2011 meeting; seconded by Mr. Toledo. Motion passes. (6-0)

Agenda Item # 3 – Right of Way Services Consultants/Contractors RFP Performance Criteria

Patricia Jones provided a presentation that details the approval of terms and conditions associated with performance for the Request of Proposals (RFP) for Right-of-Way services for consultants and expert contractors.

The recommendation is to approve Resolution #HSR11-21. This resolution works in accordance with Resolution #HSR11-20, that was approved by the Board on July 14, 2011. The Board would approve the methods of ensuring contractors' performance and accountability substantially as presented, and which will be included in the RFP for Right-of Way services, and authorizes the CEO to issue one or more RFPs and concluded contracts for Right-of Way services in an amount not to exceed \$40 million.

Mr. Toledo requested that at each Operations Committee meeting a formal briefing be prepared as a progress report to hold contractors accountable and be informed of those that are performing and those that are not.

Motion to adopt the resolution was made by Mr. Toledo; seconded by Vice-Chair Richards. Motion carried unanimously. (8-0)

Chairman Umberg discussed one caveat. When the RFP goes out, it is requested that Staff inform the potential responders that the Board Members would not be able to engage with the RFP participants.

Agenda Item # 4 – Update on the Business Plan

CEO van Ark introduced Jeff Morales and Kurt Ramey to have them provide a presentation of the aspects and update on the Business Plan and Funding Plan.

Mr. Morales delivered a general update of the development of the business plan that is currently underway. The plan is in the process and when it is finalized, it will be presented to the Board in a draft and then the final document would go to the Legislature.

Mr. Ramey provided information on the Financing and Funding opportunities. Emphasis was placed on the important key element of a long term funding plan. This very long and ambitious funding plan will be the focus of next month's draft Business Plan.

Agenda Item # 5 – Members' Report

Chairman Umberg discussed that last month he had the opportunity to visit extensively with the Governor and his staff. He is pleased that the Governor has demonstrated strong leadership and support for the project as evidenced by the recent appointment of two new Board Members. The Governor has great confidence and long term association with them that will bolster the High Speed Rail status and will also demonstrate to the community at large the Governor's and this Administrations' commitment to this visionary project. Chairman Umberg also stated that there is fewer staff today than three months ago. He commended the staff for the kind of effort and energy that is being put forth as it is amazing how much so few have accomplished for this project.

Vice-Chair Schenk reported that Chairman Umberg, CEO van Ark and she attended the editorial board meeting at the San Diego Tribune and had for the first time, an opportunity to speak about the project. It received quite good coverage in last Sunday's paper. Vice-Chair Schenk encouraged the other members that if they have the time, particularly in their local spheres of influence, to meet with the editorial boards whether on or off the record. Vice-Chair Schenk also requested that legal counsel provide an update or an opinion as to the steps or the flexibility to move funds from a failed Phase 1 area to a Phase 2 project.

Agenda Item # 6 – Chief Executive Officer's Report

CEO van Ark began his report by discussing the ongoing staffing search at the Authority. There has been a great deal of interest in people applying for the senior positions as well as other staff positions within the Authority. The process is just beginning to accelerate as the Authority is looking to fill positions for Chief Program Manager, Chief Financial Officer, Regional Directors for the Central Valley and Bay Area, Chief Counsel, Chief of External Affairs and Risk Manager.

The communications and outreach RFP has gone out and the bids are due in 14 days. It is the hope to have a contract in place before the end of September. The value mentioned in the bid is for \$1.1 million, the estimated balance left in this fiscal year's contract. The contract term will be on a multi-year or annual contract basis with an expiration date of June 30, 2014.

There is a great deal of outreach taking place on the business plan. The business plan team is out speaking to stakeholders and legislatures and gathering information.

There have been requests from people from Kings County and others on how the Authority can help people understand the thousands of pages of EIR/EIS documentation. To help all these in particular, smaller organizations and individuals, a Kings County project office has been set up. This was opened to provide a more accessible venue for Central Valley residents who wish to learn more about these draft reports and to guide them to find things and to understand the documents better.

Governor Jerry Brown, in a recent visit to Fresno, provided a strong confirmation of the High Speed Rail project. His appointment of members Dan Richard and Michael Rossi to the Board of the Authority is clearly another indication of his interest to put strong people onto the Board to make sure that the Board and the Authority makes the right decisions moving forward.

A reminder was shared with everyone, that the investigation of the Grapevine is potentially one of various alignments that would be considered to connect Bakersfield to the LA Basin. It has never been said that the Grapevine would be chosen through this process or that this would be the only alignment. The alignments that go from Bakersfield through Palmdale would also be retained in the EIR process. Initially, several broad corridors have been identified through this Grapevine area that potentially meet the engineering criteria and offer what it looks like as a substation capital cost savings. Further engineering is required to identify an actual alignment and to determine whether there are any fatal flaws. The study is anticipated to be completed by the next Board Meeting, at which time a decision may be made whether to take this Grapevine alternative in as an alternative to the other existing routes already in the EIR.

Meetings with stakeholders have continued with the City of Santa Clarita and Tejon Ranch. The City of Santa Clarita has also indicated their general interest in the idea of the alignment and also the possibility of a station in their city. The team is also working with Tejon Ranch to identify whether these alignments are acceptable and of course minimally impactful. More detail engineering will continue on this. At the same time however, good progress has also been made on the costs of the Bakersfield to Palmdale section. Help from all the stakeholders there is being requested to reduce some of the tunnels and viaducts and to ensure that there might be an enhanced and somewhat reduced cost solution there. Continued studies have also taken place between Palmdale and Sylmar, the other leg towards the San Fernando Valley and to further refine the alignment and to potentially identify other issues with lesser impacts through rural communities of Acton and Agua Dulce. For the past few years the team has been working on a number of modifications to minimize impacts to these communities and at this point the known two alignments generally that were in the EIR up to now seem to still be the main two alignments through the Antelope Valley that will be retained. It was confirmed to all parties that the all the environmental impacts and economic aspects will be considered when the Board is requested to make a recommendation as to whether the Grapevine alternatives gets taken up as an alternative in this particular environmental study. Staff anticipates for this to happen most likely before the next Board Meeting.

The draft EIR/EIS documents for the Merced to Fresno and Fresno to Bakersfield sections were launched on the Authority's webpage on August 9, 2011 and the official 45 day public comment period started on August 15, 2011. During the past ten days the Authority received a number of requests for extension of the public comment period. In parallel, it has been established that discs submitted for the Merced to Fresno section through the State clearing house and which was passed on to the State agencies was found to have some corrupted files on the discs of the ROMS. In light of both of these requests, the Authority has decided to extend the public comment period for both the Merced to Fresno as well as the Fresno to Bakersfield sections to October 13, 2011. Thereby, it extends the comment period from the initial 45 day period to 60 days. Meetings in the Valley are continuing and in mid-September there will be official public hearing meetings in the Valley. At the moment it is just informational meetings, the public meetings are set up in a very different way and again the same thing applies to this Board Meeting. If people make verbal comments today, those comments are not used as part of the EIR/EIS process. You should please submit written comments to the Authority to respond to. When you get to the public hearings that

are scheduled in the Central Valley at various locations in September, there will be court transcribers there and your messages will be put into the record at that time.

The RFQ for the construction of what is referred to as the ICS (Initial Construction Section) in the Central Valley has been completed with internal coordination and this is currently in a draft form at the FRA. Details of the RFQ will be announced at the September 8, 2011 outreach meeting in Fresno.

Feedback on the costs reported on the Merced to Fresno and Fresno to Bakersfield draft EIR/EIS was then discussed. There was quite a lot of press coverage on the project costs as reported in these EIR/EIS reports. It is confirmed that the cost levels as included in the documentation is the same cost levels that was reported to the Board in the December 20, 2010 and the March 30, 2011 Board meetings. When staff presented their approach and strategy for the recommendations for applying for funds to the FRA, clearly the costs are higher than those that were previously estimated and included in earlier versions of the business plan in 2009 and in the previous versions of the environmental documentation. This has been broadly discussed in the press and the Authority webpage contains information regarding this. The main reasons for these increases are that the previous costs in 2009 and before that were based on a 5% design level. Today those design levels that normally engineers use for doing these cost estimates are at a 15% design level and even to some extent a 30% design level as it goes beyond the EIR/EIS process. Mitigation effects the efforts for both the environmental and community reasons have also increased the costs. This is a result of people requesting more mitigation both environmental and community impacts and the Authority obviously are aiming to meet the local requirements. Furthermore individual unit costs have also increased since 2009, 2008, when the previous ones were valid and the level of contingencies on the costing have been set to where the FRA and the Authority feel that they should be at this stage of the project. As the Business Plan is being prepared for launching, there are similar reasons you will find again high level and low level costs as movement occurs further out of the Central Valley and retention of more alignment sections begin. The alignment studies are continuing and opportunities do exist to reduce aerial structures and of course tunnel costs as well. As the program continues, cost reduction exercises will be explored.

In the area of litigation, on August 12, 2011 there was a final hearing in the Atherton CEQA case and a ruling will be required within 90 days. August 29, 2011 is the hearing to determine whether Palmdale litigation with their challenging of the Grapevine Study may proceed or not.

The September the 8, 2011 Industry Forum invitation has been sent to thousands and thousands of interested parties. There are many small businesses in this state and the all the address indexes have been gone through and have had the associations invite these people to these forums. The event will be held in Fresno and will focus on the procurement process for the next year's construction segment and the Program Management Team and CEO van Ark will give a project overview. Small or disabled businesses will again be given the opportunity to network with prospective prime contractors and the facility will be set up where such prime contractors will host booths after the session so as to interact with small businesses. To date, there are nearly a dozen of these prime contractors that have already signed up to host these booths. The information that will be presented at this forum, the list of attendees and the videos will also be put up on the Authority webpage so to give access to many more people and to those that are not able to travel to this location.

Interim outcomes of the Caltrain capacity study have been made available. A reasonable number of High Speed Rail trains on the Peninsula would require in the area of eight miles of double track of four track infrastructure most likely between Redwood City and Hayward Park. The Authority is looking at the analysis and will meet with Caltrain. A request of clarification is being sent to the Attorney General's office to discuss the possible legal issues with Prop 1A and CEQA issues.

There is a draft Conflict of Interest Policy that the Authority has provided to the public some time ago. The Authority extended the public comment period to accommodate additional feedback until August 26, 2011. The Authority intends to publish the policy in a final form on Friday, September 2, 2011. It is the hope that this policy will reduce uncertainty in the business community about whether they are conflicted out of some of the work that

will be contracted out and to encourage competition and business participation by people who would need to understand whether they are in a conflict of interest in that situation or not.

An Agricultural Working Group is now established and it has met twice. They have begun examining issues raised by the Agricultural Community so that further analysis can take place and aspects of their requirements are incorporated into design requirements as the project moves forward.

A visit by the DOT/FRA during the period of July 19th through July 21st occurred in Southern California. This delegation was led by Under-Secretary Roy Kienitz and many discussions were arranged. It is clear that the DOT/FRA are interested to find the right solutions for California and to ensure that this project continues and stays on track and also to support possible funding opportunities in Southern California.

The Ridership Peer Review Panel has been implemented and it consists of five experts from around the world that have the responsibility to overview the work being done by the Authority's consultants on ridership modeling and also to investigate the criticism that has been directed on certain aspects on the ridership modeling. The work continues and they met on August the 10th and 11th and hopefully, very soon the report will be available for review.

The PMT, Parsons Brinkerhoff has an advisory committee that looks after their own interests. They have senior management that look after and interface with General Van Winkle and his management team and they've added one person to their advisory committee KH Lee. Mr. Lee was the CEO of the Taiwan High Speed Rail over the period of 10 years. His knowledge and experience as an advisor will be a valuable addition to the international team.

At the conclusion of the CEO's report, Chairman Umberg requested to clarify a point in respect to a comment that was made by him in the Huffington Post. He clarified that he does think that \$6 billion is a lot of money even though over the course of the project there will be some variance and \$6 billion over the course of the project is within the realm of what that variance might be. To make sure there is no ambiguity, he assured that \$6 billion is a lot of money.

Agenda Item # 7 – Closed Session

Amy Winn informed the Board that there was a closed session meeting noted on the agenda however, it was determined that there was not a need for that today.

Chairman Umberg adjourned the meeting at 11:22 am.



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Updated 8/24/11

Resolution #HSR11-21

Approval of Terms and Conditions Associated with Performance for the Request for Proposals (RFP) for Right-of-Way Services Consultants/Expert Contractors

Resolved: That in accordance with the conditions of Resolution #HSR11-20, approved by the Board on July 14, 2011, the Board approves the methods of ensuring contractors' performance and accountability substantially as presented, and which will be included in the RFP for Right-of-Way services, and authorizes the CEO to issue one or more RFPs and conclude contracts for Right-of-Way services in an amount not to exceed \$40 million.

Vote: 8-0

Date: August 25, 2011

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